

## **DECISION MEMORANDUM**

**TO: COMMISSIONER REDFORD  
COMMISSIONER SMITH  
COMMISSIONER KEMPTON  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL**

**FROM: SCOTT WOODBURY  
DEPUTY ATTORNEY GENERAL**

**DATE: OCTOBER 31, 2008**

**SUBJECT: CASE NO. PAC-E-08-08 (Rocky Mountain Power)  
APPLICATION FOR APPROVAL OF ENERGY COST  
ADJUSTMENT MECHANISM (ECAM)**

On October 23, 2008, PacifiCorp dba Rocky Mountain Power (Rocky Mountain Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of an energy cost adjustment mechanism (ECAM).

Rocky Mountain Power's proposed ECAM is designed to defer the difference between Base net power costs set during a general rate case and collected from customers in their retail rates and Actual net power costs incurred by the Company to serve retail customers. The calculation of the deferral would be on a monthly basis by comparing a monthly Base net power cost (NPC) rate in dollars per megawatt-hour to the Actual NPC rate also in dollars per megawatt-hour. The resulting monthly NPC differential rate would be applied to actual Idaho retail sales to calculate the NPC differential for deferral. A carrying charge equal to the Company's most recently authorized return on rate base would be applied to the deferred balance. Annually on April 1 the Company would file an application with the Commission to adjust the ECAM surcharge rate beginning June 1 to refund or collect the ECAM deferred balance from the end of the prior calendar year.

The ECAM is designed to recover the sum of all components of net power costs as traditionally defined in the Company's general rate cases and modeled in its power supply model GRID. Specifically, base NPC will include costs typically booked to the following FERC accounts:

Account 447 – Sales for resale, excluding non-GRID transmission services and on-system wholesale sales

Account 501 – Fuel, steam generation; excluding fuel handling, start up fuel/gas, diesel fuel, residual disposal and other non-GRID items  
(Start up fuel is accounted for separate from the primary fuel for steam power generation plants. Start up costs are not accounted for separately for natural gas plants, and therefore all fuel for natural gas plants is included in actual net power costs.)

Account 503 – Steam from other sources

Account 547 – Fuel, other generation

Account 555 – Purchased power, excluding BPA residential exchange credit pass-through if applicable

Account 565 – Transmission of electricity by others

Actual costs booked to the above accounts, will be subject to review by the Commission and other parties in each of the Company's applications prior to inclusion in the ECAM surcharge.

The Company's Application is accompanied by the testimony of Gregory N. Duvall, Director of Power Costs.

Rocky Mountain Power submits that approval and implementation of the proposed ECAM as filed, is in the public interest. The Company requests that the Commission issue a final Order approving the Company's ECAM effective coincident with the new rates resulting from its general rate case, Case No. PAC-E-08-07.

### **COMMISSION DECISION**

Rocky Mountain Power has filed an Application requesting approval of an energy cost adjustment mechanism (ECAM). Staff recommends that the Commission issue a Notice of Application and establish an intervention deadline. Does the Commission agree with Staff's recommended procedure?



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Scott Woodbury  
Deputy Attorney General

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